

STATE SCHOOL AID UPDATE

Michigan Department of Education



June 2015

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STATE SCHOOL AID DATA UPDATED FOR JUNE

The following **categoricals** were updated in the June payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Great Start Readiness - Section 32d (Pat Sargent, Early Childhood and Family Services, (517) 241-4741, SargentP@Michigan.gov)
- Dual Enrollment Incentive - Section 64b (Christopher May, State Aid and School Finance, (517) 335-1263, MayC@Michigan.gov)
- Special Education - Section 54 (Dianne Easterling, Special Education, (517) 335-0459, EasterlingD@Michigan.gov)
- Tuition Deduct School for Deaf - Section 51a.1 (Dianne Easterling, Special Education, (517) 335-0459, EasterlingD@Michigan.gov)

FY 2016 SCHOOL AID

The Omnibus Education Bill (House Bill 4115) for FY 2016 has been passed by the legislature. It has been presented to the Governor for signature. There is always the possibility of vetoes. Following are some highlights of the bill:

- The per pupil **Foundation Grants for FY 2016** will increase by a range of \$70 to \$140 using the "2X formula." The increase will be added to the sum of the FY 2015 foundation grant plus any FY 2015 per pupil Equity Payment under Section 22c. The lowest foundation for FY 2016 will then be \$7,391 (\$7,126 + \$125 (FY 2015 Equity Payment) + \$140 (FY 2016 increase)).
- The Section 31a **At-Risk** funding is increased by \$70 million. This will significantly reduce the per pupil proration that recipients have experienced in that funding in recent years.
- The **Section 22f Best Practices** and **Section 22j Performance Based** funding is eliminated.
- In addition to the **Section 20f(2)** funding that was earmarked in FY 2014 to guarantee that the change in Foundation + Equity Payment (Section 22c) + change in MPSERS Cost Offset (Section 147a) equaled at least \$5 for every district, eligible districts will receive an amount under **Section 20f(4)** that guarantees at least a \$25 per pupil increase after accounting for the increase in the foundation allowance, the per pupil increase in Section 31a At-Risk funding, the decrease in per pupil Section 22f Best Practice funding and the per pupil decrease in Section 22j Performance Funding.
- **ISD General Operation** funding under **Section 81** will remain at \$67.1 million; however, the language from recent years that allocated \$2 million of the funding to intermediate districts that meet certain Best Practices is eliminated. The \$2 million will be used to give intermediate districts a 3.1% increase in their general funding.
- An additional \$216.6 million is appropriated in **Section 147c** to reflect the actuarially estimated costs of the required state share of the **MPSERS Unfunded Accrued Liability (UAL)** and maintain the UAL cap at 20.96%.

New Programs include:

- Section 35 - \$26.4 million for **Early Literacy** to increase reading proficiency in Grades K - 3.
- Section 61b - \$10 million for **Career and Technical Education Middle College** programs.
- Section 67 - \$3.6 million for **College and Career Preparation** programs.

Boilerplate Changes include:

Audited financial information will be due on November 1 instead of November 15. **NOTE:** Districts not meeting the November 1, 2015 deadline will have school aid withheld beginning with the November 20, 2015 payment until the audited information is received.

An amendment to Section 101(4) would allow 6 "snow days" any time during the school year and up to three additional snow days any time during the year with the approval of the State Superintendent. Current language allows up to an additional 6 snow days with the approval of the State Superintendent provided that they happen after April 1.

The membership blend is changed from 90% of the current school year October count and 10% of the current school year February count to 90% of the current school year October count and 10% of the **prior** school year February count.

The summary provided above should not be considered a complete description of the content of HB 4115. Additional information and details on this bill can be found at www.michiganlegislature.org.

INDIRECT COST RATES

Adjustments to local and intermediate school district Indirect Cost Rates were due to the Department by June 1, 2015. The process of recalculating rates is complete and final rates are available on the Department's website at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html. Questions related to the indirect cost rate calculations should be directed to Phil Boone, Office of State Aid and School Finance, at (517) 335-4059 or e-mail at BooneP2@Michigan.gov.

DAYS AND CLOCK HOURS REPORTING

Deadlines: The district deadline for submitting the DS-4168 Report of Days and Clock Hours of Instruction for the 2014-15 school year is **July 15, 2015**. Intermediate districts will have until August 1, 2015 to certify the district data for submission to the Department as required under Section 101(3) of the State School Aid Act. Districts are encouraged to submit their days and clock hours report to the ISD early where possible to allow for adequate time to review and correct issues with the submission.

Reporting: The days and hours reporting has been integrated into the Educational Entity Master (EEM) system, and is accessible through the "Days and Clock Hours" application link in the left navigation. After clicking on the link, users will select "Data Submission" to start their report for the year. A User Guide for the application is available to assist users with the reporting process. That guide is available at: http://mi.gov/documents/mde/DCH_Application_User_Guide_391892_7.pdf.

Note: The "Days and Clock Hours" application requires specialized credentials to access the system. If the "Days and Clock Hours" application link does not appear in the left navigation after logging into the EEM, please contact CEPI for assistance in gaining access to the application. Questions regarding the Days/Clock Hours application should be directed to CEPI Support at CEPI@Michigan.gov.

INTERMEDIATE SCHOOL DISTRICT FINANCIAL REPORTING

Intermediate School Districts (ISDs) are required to post certain information on their website to comply with the Budget Transparency legislation in Section 18 of the State School Aid Act (MCL 388.1618). Specifically, they are required to post information found in Subsections 2a, 2bi, and 2c. Beginning in 2015-16, Subsection 2c will include three additional data elements, for a total of seven. Updated guidance addressing these new elements will be available in July.

In addition to the above, ISDs must also post an Annual Website Report on their website (MCL 380.620). This report must be posted by December 31 of each year and include data from the most recently completed fiscal year. Only the current report must be posted on your website. For state wide consistency, the Department recommends providing a link to the Annual Website Report at the bottom of the Budget Transparency web page. Additional information about the Annual Website Report may be found on our website by clicking [here](#).

Questions related to Budget Transparency and the Annual Website Report may be directed to Chad Urchike at UrchikeC1@Michigan.gov or (517) 335-1261.

SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2015

Local districts and public school academies receiving FY 2015 funds under Section 31a At-Risk are required to submit the FY 2015 Section 31a Program Report to the Department by **July 15, 2015**. The report form is available in the Michigan Electronic Grants System *Plus* (MEGS+) at <https://mdoe.state.mi.us/MEGSPLUS/>. If the report is not submitted by July 15, an amount equal to the district's Section 31a August installment will be withheld from the August 2015 state aid payment as required by language in Section 31a of the State School Aid Act. These funds will be forfeited if the report is not received by September 30, 2015. If you have questions regarding the Section 31a program and reporting requirements, please contact Lee Craft, Section 31a Consultant, Office of Field Services at (517) 373-6066. If you have MEGS+ related questions, please contact Judy Thelen, Analyst, Office of Field Services, at (517) 335-1266 or ThelenJ8@Michigan.gov.

GENERAL INFORMATION

- **Proration factors:** Section 31a – At-Risk funding per pupil proration is \$317.6811988798.
- The Section 22j Performance Based Funding proration factor is .9976891586.
- The Headlee Obligation for Data Collection funds are being paid at \$24.9824866855 per pupil.

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid and School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.